

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
March 26, 2003
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: O. Charlie Chewning, Jr., CPA, President; Michael H. Wray, Vice President; Walter C. Davenport, CPA, Secretary-Treasurer; Barton W. Baldwin, CPA; Scott L. Cox, CPCU, CIC; Leonard W. Jones, CPA; and R. Stanley Vaughan, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; Lisa R. Hearne, Manager of Communications; Ann J. Hinkle, Manager of Professional Standards; and Noel L. Allen, Legal Counsel.

GUESTS: Tom Chenoweth, CPA, Highland Publishing Company; Jeff Bandini, Esq., Parker Poe Adams & Bernstein; and Curt Lee, Past President, NCSA.

CALL TO ORDER: President Chewning called the meeting to order at 10:18 a.m.

MINUTES: The minutes of the February 24, 2003, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The financial statements for February 2003 were accepted as submitted.

NATIONAL ORGANIZATION ITEMS: Messrs. Baldwin and Vaughan moved to nominate Walter C. Davenport, CPA, for the position of NASBA Middle Atlantic Regional Director and/or Director at Large. Motion passed with seven (7) affirmative votes and zero (0) negative votes.

The Board reviewed the letters and resumes submitted by North Carolina CPAs to the Board for recommendation to the AICPA Board of Examiners (BOE) for consideration for appointment to the BOE, its committees, subcommittees, and task forces. The Board instructed the President and the Executive Directors to make final review and recommendation of the individual CPAs.

Mr. Baldwin provided an update on NASBA issues and accomplishments.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

200210-063 - John Michael Pentz - Approve the signed Consent Order (Appendix I).

200302-005 - Close the case without prejudice and with a Letter of Warning.

200105-048 - Close the case without prejudice and with a Letter of Warning.

Messrs. Baldwin and Vaughan moved to approve the Board Order for 200010-064 - Eric William Gilbert Zetterholm. Motion passed with seven (7) affirmative votes and zero (0) negative votes (Appendix II).

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:

Mr. Wray moved and the Board approved the following recommendations of the Committee:

Original Certificate Applications - The following were approved:

Sarah Anmarie Ashley	Angela Olive Keck
Jody G. Badillo	Philip J. Kresse
Kenan Rand Barnes	George Edward Leloudis
James Gregory Boykin	Josie Crowe McDonald
Ajay B. Chudgar	Julie Ann Minton
Jonathan Brent Conklin	Nell Ellen Nordin
Edward Becton Davis	Kristin Marie Orcutt
Scott Ryan Hall	Rebecca L. Reed
Kyle Scott Harrison	Earl Collen Stone II
Summer Leigh Hedgpeth	Brandon Scot Sutherland
Theodore Roosevelt Humphrey III	Jerry Dean Whitley
Kevin S. Karpowicz	

Reciprocal Certificate Applications - The following were approved:

Tamara L. Burleigh	Joseph R. Milane
Jerry Lee Connor Jr.	Larry Clinton Mingledorff
G. Joy Dally	Wayne John Peters
Daniel R. Foster	Jason R. Schneider
Jeffrey R. Gifford	Stephen Scott Sealey
Dale C. Goerne	Crystal Lynn Stasik
Frances Benson Lambe	Catherine B. Troiano
John Robert McCallum	John Michael Zamiela

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Alicemarie Hand #T02879	Gary M. Dragon #T02885
Roberta Sue Mason #T02880	Shane Edward Gibson #T02886
Robin Michelle Reinhard #T02881	Kenneth H. Hayes #T02887
Roy T. Van Brunt #T02882	Connie Ray Holton #T02888
Mary B. Wells #T02883	Amy Brown McCorkle #T02889
Steven Arnold Zarnosky #T02884	Richard P. McKenzie #T02890

Reinstatements - The following were approved:

Antoine Darnell Beck #27664
Janet Helms Black #11945
David Ashley Ervin #9435

Joseph Lee Gilliam #20714
Kimberly Ann Sanderson #18121

Firm Registrations - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

Bowman, Pruett & Associates, P.A.
CARLAND & ANDERSEN
INCORPORATED
Cox & Hamilton, Certified Public
Accountants, P.A.
ROGER B. FISHER, CPA, CVA, PC
Hughes, Sealey, Grant and Associates,
PLLC

Ladd McCall & Associates Certified Public
Accountants, PA
McDonald & Beach, LLP
Lisa S. Murphy, CPA PC
Seiler, Zachman & Associates, P.A.
Anita D. Surphlis, CPA PA
YANDLE & YANDLE, CPAs, P.C.

Reclassifications -

The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

John L. Barber #2389
Robert E. Drury #18998

Claude Edward Robinson #10971
Carolyn Cogan Smith #14702

Extension Requests - The Committee approved the following individuals for extension for completion of CPE until the dates noted:

Kelly E. Wascher #20836
Donna Hollowell Winborne #25246

An extension request submitted by Rodney G. Fulton (#13135) was disapproved.

SQR Matters

The firm listed below completed the quality review less than 60 days after the deadline. Staff recommended a conditional license until March 26, 2004, pursuant to 21 NCAC 8J .0111(1). The Committee approved staff recommendation:

Charles C. Bivens, Jr. CPA #8613

The firms listed below reported the quality review less than 60 days after the deadline. Staff recommended a conditional license until March 26, 2004, pursuant to 21 NCAC 8J .0111(1). The Committee approved staff recommendation:

Byrd & Yates CPA PA

Karen Herring Byrd #20018

Tammy Wahab Yates #21436

Bobby J. Massey CPA #12534

The firm listed below completed and reported the quality review less than 60 days after the deadline. Staff recommended a conditional license until March 26, 2004, pursuant to 21 NCAC 8J .0111(1). The Committee approved staff recommendation:

Betty C. Kiger CPA #18833

The firms listed below submitted a renewal or termination notice less than 60 days after the deadline. Staff recommended a conditional license until March 26, 2004, pursuant to 21 NCAC 8J .0111(1). The Committee approved staff recommendation:

Germaine F. Brewington P. C. CPA

Germaine Brewington #13480

B. Alan Hayes CPA #13906

Paul P. Hinkle Jr. CPA #11579

Lancaster Martin & Co. P.C.

Solestine Molett Lancaster #16840

Bobby Thomas Martin #7160

Tourville Simpson & Casley L.L.P.

Harriet S. Simpson #26557

The Committee reviewed the request to rescind the conditional license awarded to Donald Hicks Perry (#18632). Mr. Perry was placed on conditional status effective February 24, 2003, because the firm renewal was postmarked or delivered less than 60 days after the deadline. The Committee approved his request.

The Committee reviewed the request to rescind the conditional license awarded to the firm Cox & Gibbs CPAs PLLC. Firm owners were placed on conditional status effective February 24, 2003, because the firm renewal was postmarked correctly but the fee charge was initially declined which made the renewal late less than 60 days after the deadline. The Committee disapproved the request.

The Committee reviewed the request to rescind the conditional license awarded to the firms listed below. Firm owners were placed on conditional status effective February 24, 2003, because the quality was completed less than 60 days after the deadline. The Committee disapproved the request:

Dee R. Moore CPA #28293

Betty F. Parker CPA #15549

The Committee reviewed a request from Ms. Roslyn Walker on behalf of her brother Eric Daniel Miller, CPA. Mr. Miller has been deployed in the military and was unable to renew his corporation by the deadline. Ms. Walker has Power of Attorney and has submitted the renewal form and fee. Staff recommended that the firm be allowed to renew without any penalty. The Committee approved the request.

Examinations - Initial exam candidates Douglas Hamilton Kriek and Kristin Lee Roberts request one additional hour on each section of the examination due to dyslexia in Mr. Kriek's case and attention deficit hyperactivity disorder in the case of Ms. Roberts. The Committee approved the requests.

Miscellaneous

The Committee reviewed a letter from Highland Publishing Company and recommended that the Executive Director continue to address Highland's policy issues.

Messrs. Chewning and Cox moved to approve the Notification on Intent to Practice form and a \$50.00 fee for an original notification and a \$50.00 fee for annual renewal of the Notification. Motion passed with seven (7) affirmative votes and zero (0) negative votes.

CLOSED SESSION: Messrs. Cox and Vaughan moved to reenter Public Session to continue with the Agenda. Motion passed.

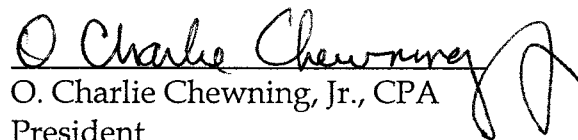
ADJOURNMENT: Messrs. Baldwin and Vaughan moved to adjourn the meeting at 11:45 a.m. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks
Executive Director



O. Charlie Chewning, Jr., CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200210-063

IN THE MATTER OF:
John Michael Pentz, #22669
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 22669 as a Certified Public Accountant.
2. In October of 1994, Respondent registered with the Board as an individual practitioner and informed the Board on his firm registration that his firm had issued reviews during the previous twelve (12) months.
3. Based on the information provided on Respondent's firm registration, Board records reflected that Respondent's firm's peer review deadline was October 6, 1996.
4. In November of 1994, Board staff sent a firm renewal to Respondent's firm's last known address which included a notation that Respondent's firm's peer review deadline was October 6, 1996.
5. In December of 1994, Respondent filed his 1995 firm renewal which informed the Board that his firm had only issued compilations during the previous twelve (12) months.
6. In May of 1995, Board staff sent a memorandum to Respondent's firm's last known address reminding Respondent that his firm's peer review deadline was October 6, 1996.
7. In a letter dated August 16, 1995, Respondent informed the Board that he had not provided the anticipated compilation and review services as noted on his firm registration and renewal. In this letter, Respondent also acknowledged his understanding that he would be required to obtain a peer review within

"eighteen (18) months" of accepting "an audit, review, or compilation engagement."

8. On his firm's 1996 through 2002 firm renewal, Respondent did not indicate that his firm was providing any attest services to clients.
9. Sometime in 1997, Respondent began providing attest services to clients.
10. However, Respondent did not change his firm's registration with the Board or register to participate in a Board-approved peer review program.
11. In a letter dated September 25, 2002, Respondent self-reported that his firm was no longer exempt from participating in a peer review program and had been providing such services beginning sometime in 1997.
12. Respondent registered with the American Institute of CPAs for its peer review program and the exit conference for the peer review was on December 23, 2002.
13. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (8c), and NCGS 93-12 (9)e and 21 NCAC 8J .0108 (c)(1) and (2), 8M .0102, 8N .0202 (b)(3), 8N .0209, and 8N .0403.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.
2. Respondent's certificate is suspended for thirty (30) days; however, said suspension is stayed.

Consent Order - 3
John Michael Pentz

3. Respondent shall provide the Board with copies of the peer review report, letter of comments, letter of response, and letter of acceptance for the peer review which had the exit conference on December 23, 2002, as noted in Finding #12.

CONSENTED TO THIS THE 10th DAY OF March, 2003.

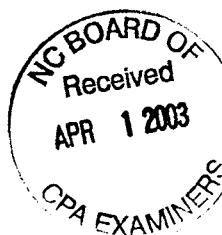
John Michael Pentz
Respondent

APPROVED BY THE BOARD THIS THE 26th DAY OF March, 2003.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

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BOARD
SEAL

BY: O. Charlie Chewing
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200010-064

IN THE MATTER OF:

Eric William Gilbert Zetterholm, #25458
Respondent

BOARD ORDER

THIS CAUSE coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, at public hearing, with a quorum present, the Board finds, based on the evidence presented that:

FINDINGS OF FACT

1. Respondent is the holder of a certificate as a Certified Public Accountant in North Carolina and the subject of a prior Consent Order.
2. On July 23, 2001, the North Carolina State Board of CPA Examiners (Board) approved a Consent Order signed by Respondent which found that Respondent had violated specific statutes and rules. (Exhibit 1)
3. In pertinent part that Consent Order provided that Respondent's certificate would be suspended for at least thirty (30) days unless Respondent complied with all terms of the Consent Order which included a requirement that Respondent obtain a peer review to be completed by December 31, 2002, for the period covering December 31, 1999, through December 31, 2001.
4. In a letter dated December 24, 2002, Respondent requested that the date of the peer review mandated by his Consent Order be extended to June 30, 2003.
5. At its January 21, 2003, meeting, the Board's Professional Standards Committee reviewed and declined to recommend approval of Respondent's extension request.
6. The Board served upon Respondent a Notice of Proposed Action and Show Cause Order ordering Respondent to explain in writing by February 27, 2003, how he has complied with the Consent Order of July 23, 2001.
7. Respondent failed to timely respond to the Notice of Proposed Action and Show Cause Order. Subsequently, after a telephone call from the Board's Executive Director regarding the failure to answer the Notice, Respondent replied, via a facsimile dated March 6, 2003, that he had assumed since his

extension request was denied "that there was nothing more that I could, or should, do." In said response, Respondent also stated that he would attempt to have the required peer review "completed by the end of next week."

8. Respondent subsequently supplemented his response on March 20, 2003, asserting that Respondent had not yet fulfilled the peer review obligation, but that Respondent had contacted a reviewer and had faxed the pertinent documents to the reviewer who stated that he could have the report issued in two (2) weeks to Respondent.

CONCLUSIONS OF LAW

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent failed to provide an adequate written explanation of how he has complied with the July 23, 2001, Consent Order.
3. Respondent failed to comply with the July 23, 2001, Consent Order.
4. Respondent's failure to comply with the terms of a Consent Order is a violation of NCGS 93-12 (9)e and 21 NCAC 8N .0203 (b)(3).

BASED ON THE FOREGOING, the Board orders in a vote of 7 - 0 that:

1. The Certified Public Accountant certificate issued to Respondent, Eric William Gilbert Zetterholm, is hereby suspended for at least thirty (30) days and until the peer review report referenced herein is received the the Board office, whichever is later.

This the 26th day of March, 2003.

BOARD
SEAL

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BY: _____
President

O. Charlie Chewing

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200010-064

IN THE MATTER OF:
Eric W. G. Zetterholm, #25458
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 25458 as a Certified Public Accountant.
2. Respondent rendered attest services as a CPA to one client through an unregistered firm.
3. Respondent rendered attest services as a CPA to one client but did not register with the Board as participating in a peer review program.
4. Respondent has no prior record of discipline with the Board and contends that he did not intentionally violate the accountancy laws and rules.
5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's conduct as set out above constitute violations of NCGS 93-12 (7b), 93-12 (8c), and 93-12 (9)e and 21 NCAC 8J .0108, 8M .0102, and 8N .0302.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

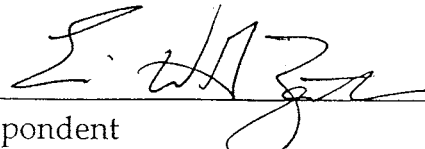
1. Respondent is censured.

Exhibit 1

Consent Order - 2
Eric W. G. Zetterholm

2. Respondent's license shall be suspended for thirty (30) days from the date this Order is approved by the Board; however, said suspension is stayed.
3. As a condition of the stay of his suspension, Respondent shall be on probation, shall comply with the terms of this Order, and shall violate no accountancy statutes or rules for two (2) years from the date this Order is approved by the Board.
4. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted within six (6) months of the date this signed Order is accepted by the Board.
5. Respondent agrees that failure to pay the civil penalty as required in Paragraph 4 above shall be grounds for active imposition of the thirty (30) day suspension plus the number of days that Respondent is late in paying the civil penalty.
6. Respondent shall immediately register his firm with the Board.
7. Respondent's firm shall obtain a peer review to be completed by December 31, 2002 for the period covering December 31, 1999 through December 31, 2001.
8. Respondent agrees that failure to timely comply with any terms of this Order or with all accountancy statutes and rules during the two (2) year probationary period shall be deemed sufficient grounds for active imposition of the thirty (30) day suspension of Respondent's license in addition to any other discipline as assessed for the future violation.
9. Respondent agrees to cooperate at all times with the Board in the supervision and investigation of compliance with this Consent Order and agrees to make all files, records, or other documents available immediately upon the demand of the Board.

CONSENTED TO THIS THE 16TH DAY OF JULY, 2001.



Respondent

Consent Order - 3
Eric W. G. Zetterholm

APPROVED BY THE BOARD THIS THE 23rd DAY OF July
2001.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: R. Stanley Vaughan
President